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SUBJECT: UK SUPPORTS U.S. GOALS OF EXPANDED IEA MEMBERSHIP;
URGES TRANSPARENT PROCESS

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1. (SBU) The UK's Minister of Energy Willie Ricketts will attend the March 13-14 IEA Governing Board meeting in Paris and support the U.S. goal to begin a process of evaluating how to work best with China and India on IEA issues, according to Tom Reilly, Director of the Climate and Energy Office, Foreign and Commonwealth Office, and Allison Zhu, Department for Business and Regulatory Reform. The UK and U.S. positions are not far apart, said Reilly, who believes the IEA needs to begin a dialogue with China and India, as all trends show their roles as energy consumers will greatly increase. However, the UK is concerned about opening the IEA to charges of non-transparency (from Brazil, Indonesia, Mexico, among others) if a process is created that is skewed only towards China and India. The UK also does not want a process that allows China, particularly, to avoid the hard choices of market liberalization which would otherwise be required in a first step of qualifying for OECD membership.

2. (SBU) Reilly and Zhu support the idea of creating a working group to study possibilities of further engaging China and India. Focus should first be on outreach to India and China; the UK believes no country would oppose the IEA trying to engage in closer contact with those countries on energy stocks. A second approach would entail looking at ways to expand the IEA's membership. This will be a more difficult process that could require parliamentary changes, and could raise questions about eventual Russian participation in the IEA (particularly because Russia is much closer to OECD membership than the other two.) In the UK's eyes, according to Zhu, questions for a working group would include: defining the IEA's aim in getting China and India to work more closely with us; determining whether there are options other than IEA membership, such as through a separate association - perhaps similar to Norway's association with the EU; and seeing whether IEA membership can be de-coupled from other OECD requirements.

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